



Dave Yost • Auditor of State

VILLAGE OF DELTA
FULTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Delta
Fulton County
401 Main Street
Delta, Ohio 43515-1399

To the Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Village of Delta, Fulton County, Ohio (the Village) as of and for the year ended December 31, 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38

and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, are presumed to be material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016, and the respective changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Delta, Fulton County, Ohio as of December 31, 2016, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

November 22, 2017

VILLAGE OF DELTA
FULTON COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts:					
Property and Other Local Taxes	\$108,593	\$285,267			\$393,860
Municipal Income Tax	446,799	39,958	\$179,809		666,566
Intergovernmental Revenue	91,209	238,865	145,065		475,139
Charges for Services	113,513	1,650			115,163
Fines, Licenses and Permits	31,084	18,707			49,791
Earnings on Investments	16,608	219			16,827
Miscellaneous	8,472	3,344	3,965		15,781
<i>Total Cash Receipts</i>	<u>816,278</u>	<u>588,010</u>	<u>328,839</u>		<u>1,733,127</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	42,224	598,315			640,539
Public Health Services	30,896				30,896
Leisure Time Activities		58,867			58,867
Community Environment	16,327		1,249		17,576
Basic Utility Services	72,689		125,927		198,616
Transportation	58,215	217,868			276,083
General Governemnt	175,824	32,397	19,260		227,481
Capital Outlay	10,211	55,326	656,749		722,286
Debt Service:					
Redemption of Principal			24,972		24,972
Interest and Other Fiscal Charges			796		796
<i>Total Cash Disbursements</i>	<u>406,386</u>	<u>962,773</u>	<u>828,953</u>		<u>2,198,112</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>409,892</u>	<u>(374,763)</u>	<u>(500,114)</u>		<u>(464,985)</u>
Other Financing Receipts (Disbursements):					
Other Debt Proceeds			380,906		380,906
Sale of Fixed Assets			525		525
Transfers In		315,000	13,399		328,399
Transfers Out	(328,399)				(328,399)
Advances In			125,927		125,927
Advances Out	(125,927)				(125,927)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(454,326)</u>	<u>315,000</u>	<u>520,757</u>		<u>381,431</u>
<i>Net Change in Fund Cash Balances</i>	<u>(44,434)</u>	<u>(59,763)</u>	<u>20,643</u>		<u>(83,554)</u>
<i>Fund Cash Balances, January 1</i>	<u>359,878</u>	<u>488,774</u>	<u>346,965</u>	<u>\$11,189</u>	<u>1,206,806</u>
Fund Cash Balances, December 31					
Nonspendable	292			5,000	5,292
Restricted		429,011	367,608	6,189	802,808
Unassigned	315,152				315,152
<i>Fund Cash Balances, December 31</i>	<u>\$315,444</u>	<u>\$429,011</u>	<u>\$367,608</u>	<u>\$11,189</u>	<u>\$1,123,252</u>

See accompanying notes to the basic financial statements

VILLAGE OF DELTA
FULTON COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Private Purpose Trust</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$2,099,809		\$2,099,809
Earnings on Investments		\$36	36
Miscellaneous	20,194		20,194
<i>Total Operating Cash Receipts</i>	<u>2,120,003</u>	<u>36</u>	<u>2,120,039</u>
Operating Cash Disbursements:			
Personal Services	690,930		690,930
Transportation	3,559		3,559
Contractual Services	459,372		459,372
Supplies and Materials	205,661		205,661
Other	15,402		15,402
<i>Total Operating Cash Disbursements</i>	<u>1,374,924</u>		<u>1,374,924</u>
<i>Operating Income</i>	<u>745,079</u>	<u>36</u>	<u>745,115</u>
Non-Operating Receipts (Disbursements):			
Property and Other Local Taxes	387,894		387,894
Special Assessments	195		195
Capital Outlay	(96,163)	(1,013)	(97,176)
Redemption of Principal	(253,577)		(253,577)
Interest and Other Fiscal Charges	(271,022)		(271,022)
Other Financing Uses	(7,157)		(7,157)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(239,830)</u>	<u>(1,013)</u>	<u>(240,843)</u>
<i>Income (Loss) before Transfers</i>	<u>505,249</u>	<u>(977)</u>	<u>504,272</u>
Transfers In	164,784		164,784
Transfers Out	(164,784)		(164,784)
<i>Net Change in Fund Cash Balances</i>	<u>505,249</u>	<u>(977)</u>	<u>504,272</u>
<i>Fund Cash Balances, January 1</i>	<u>1,559,284</u>	<u>55,000</u>	<u>1,614,284</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,064,533</u></u>	<u><u>\$54,023</u></u>	<u><u>\$2,118,556</u></u>

See accompanying notes to the basic financial statements

Village of Delta, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Village of Delta (the Village), Fulton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with York Township to receive fire protection and emergency medical services. The Village receives tax levy monies in a special revenue fund to support a volunteer fire company.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 7. to the financial statements provides additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair Fund The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Parks and Recreation Fund The parks and recreation fund accounts for and reports property tax, income tax, and fees restricted for construction, maintenance, and repair of recreational facilities.

Police Fund The police fund accounts for and reports property tax, fines, fees, and transfers restricted for operation of the police department.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Village of Delta, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Capital Project Fund The capital project fund accounts for and reports income tax and loan proceeds restricted for purchases of capital assets, street and building construction and repair, and payment of related project debt.

Combined Sewer Overflow (CSO) Abatement Project Fund The CSO abatement project fund accounts for and reports federal grants and loan proceeds restricted for the renovation of the wastewater treatment plant facilities and grounds.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant Permanent Fund:

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's cemetery.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Pool Fund The pool fund accounts for property tax and charges for services restricted for operation, maintenance, and repair of the pool facilities.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

The Village's private purpose trust fund is for the benefit of the Village's volunteer fire company.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function, with wages separately appropriated, level of control, and

Village of Delta, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2016 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned*

Village of Delta, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$742,160	\$816,278	\$74,118
Special Revenue	1,005,348	903,010	(102,338)
Capital Projects	6,554,830	849,596	(5,705,234)
Enterprise	2,550,380	2,672,876	122,496
Fiduciary	1,037	36	(1,001)
Total	\$10,853,755	\$5,241,796	(\$5,611,959)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$930,177	\$862,010	\$68,167
Special Revenue	1,184,586	986,304	198,282
Capital Projects	6,607,899	840,648	5,767,251
Enterprise	2,423,461	2,213,053	210,408
Fiduciary	1,013	1,013	
Total	\$11,147,136	\$4,903,028	\$6,244,108

Note 4 – Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

Village of Delta, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

	2016
Cash on Hand	\$500
Demand deposits	1,967,586
Certificates of deposit	1,125,735
Total deposits	3,093,321
STAR Ohio	147,987
Total deposits and investments	\$3,241,808

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Interfund Transactions

Advances

Outstanding advances at December 31, 2016, consisted of \$125,927 advanced to the capital projects funds by the General Fund to provide working capital for projects.

Village of Delta, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Transfers

Transfers To	Transfer From			
	General Fund	Water Fund	Sewer Overflow Fund	Sewer Fund
Special Revenue Funds:				
State Highway Fund	\$5,000			
Police Fund	310,000			
Capital Projects Funds:				
Capital Projects Fund	9,900			
Downtown Project Fund	3,499			
Enterprise Funds:				
Water Tower Debt Service Fund		\$69,000		
Water Filter Fund		75,000		
CSO Capital Fund			\$19,784	
Sewer Insurance Fund				\$1,000
Total	<u>\$328,399</u>	<u>\$144,000</u>	<u>\$19,784</u>	<u>\$1,000</u>

The Village transferred monies from the General Fund to the Police Fund to fund police payroll and operations, the State Highway Fund to fund street department operations, and capital project funds to pay related project expenses. Transfers were also made between Enterprise funds to pay for utility system improvements and debt payments due for related projects.

Note 7 - Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Village of Delta, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2016.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$9,054,977	1.00-5.54%
Sewage System Revenue Bonds, Series 2016	319,258	1.375%
F&M State Bank Promissory Notes	52,998	4.05-4.25%
Fulton County Revolving Loan	<u>6,750</u>	0.00%
Total	<u><u>\$9,433,983</u></u>	

The Ohio Water Development Authority (OWDA) loans were used to finance construction of a water plant, water tower, waterlines, sewer plant renovations, and storm and sanitary sewer separation (mandated by

Village of Delta, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

the Ohio Environmental Protection Agency). The OWDA approved up to \$10,914,080 in loans to the Village for these projects. The loans began in 2000, 2008, and February 2014 and will mature in 2024, 2038, and 2045, respectively. The Village will repay the loans at \$95,681, \$385,596, and \$118,256 per year in semi-annual installments over the next 25 to 30 years. The December 2014 loan has not yet been finalized. These loans are collateralized by water and sewer utility revenue. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Sewer System Revenue Bonds, Series 2016, dated October 5, 2016, was obtained through the United States Department of Agriculture (USDA) - Rural Development. The Village issued \$4,301,000 in sewer system revenue bonds for the acquisition and construction of improvements to the Village's sewage collection and treatment system. The bonds are for a period of 40 years. The repayment schedule had not been finalized, but the bonds will be paid in monthly installments of a yet to be determined amount including interest at 1.375%, with a tentative final maturity in 2056. These bonds will be paid through utility system user charges collected in the Sewer Overflow Loan Fund. The

The Farmers & Merchants State Bank promissory notes were used to pay to purchase a dump truck in 2014 and a jet vacuum truck in 2016. The notes were issued for \$50,925 and \$50,000, respectively, and will mature in February 2017 and October 2019. The Village repays \$1,505, monthly, towards the 2014 dump truck note. The Village intends to repay the 2016 jet vacuum truck note within 3 years. There is no set payment schedule for this note. Income tax monies set aside for capital improvements are used for the payments.

The Fulton County revolving loan was used for the downtown planning project. The project involved developing greenspace and beautifying the downtown area. The Fulton County Commissioners approved \$11,250 for this project in 2015. The loan is being repaid at \$2,250 annually over 5 years and will mature in 2019. Income tax monies set aside for capital improvements are used for the payments.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	OWDA Loans	F&M State Bank Promissory Notes	Revolving Loan
2017	\$599,533	\$21,234	\$2,250
2018	599,533	17,541	2,250
2019	599,533	19,168	2,250
2020	599,533		
2021	599,533		
2022-2026	2,806,302		
2027-2031	2,519,258		
2032-2036	2,519,258		
2037-2041	1,169,672		
2042-2045	413,895		
Total	\$12,426,050	\$57,943	\$6,750

Note 11 – Construction and Contractual Commitments

As of December 31, 2016, the Village had the following outstanding contractual purchase commitments for engineering, architect and construction services for a combined sewer overflow abatement project.

Village of Delta, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Vendor	Contract Amount	Amount Paid as of 12/31/2016	Outstanding Balance
Poggemeyer Design Group Inc.	\$ 529,700	\$ 307,975	\$ 221,725
Salenbien Trucking and Excavating Inc	2,712,042		2,712,042
Peterson Construction Company	2,321,000	322,424	1,998,576

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Delta
Fulton County
401 Main Street
Delta, Ohio 43515-1399

To the Members of Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Delta, Fulton County, Ohio (the Village) as of and for the year ended December 31, 2016, and the related notes to the financial statements and have issued our report thereon dated November 22, 2017, wherein we noted the Village followed reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2016-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial

statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

Columbus, Ohio

November 22, 2017

VILLAGE OF DELTA
FULTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 30, 2016

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2016-001

Significant Deficiency – Homestead and Rollback Amounts

Homestead and rollback amounts in the General fund, \$16,421, Park and Recreation fund, \$8,437, Fire fund, \$5,798, and Police fund, \$28,988, were recorded as property taxes.

These amounts are reimbursed to the Village from the State of Ohio and are considered state shared taxes, thereby should be classified as intergovernmental revenues.

Village officials were unaware these amounts should be recorded as intergovernmental revenues. Adjustments to the financial statements were made to correct the error.

We recommend all amounts received from the State of Ohio be recorded to intergovernmental account codes within the appropriate funds.

Officials' Response:

This has been recognized and addressed for 2017.

**VILLAGE OF DELTA
FULTON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Material weakness for failure to properly report debt related transactions.	Corrective action was taken and finding is fully corrected.	
2015-002	Material weakness for failure to report ending fund balances in accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.	Corrective action was taken and finding is fully corrected.	
2015-003	Ohio Rev. Code § 5705.10 – for various state receipts posted to an incorrect fund.	Corrective action was taken and finding is fully corrected.	
2015-004	Significant Deficiency for misclassification of homestead and rollback receipts.	Not corrected. Reissued as finding 2016-001 in this report.	Finance Director did not change her posting of applicable receipts until fiscal 2017. Management is aware and understands the importance of the information presented on the financial statements and will ensure these errors will be accurately identified and reported.



Dave Yost • Auditor of State

VILLAGE OF DELTA

FULTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 12, 2017